GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:5192
ANSWERED ON:20.04.2001
IMPORT OF GOLD AND SILVER
PRABHUNATH SINGH

Will the Minister of FINANCE be pleased to state:

(a) whether some overseas branches of State Bank of India have been allowing importand sale of gold and silver to domestic customers against payment orders or cheques issued by banks including those issued by cooperative banks and jewellers and have been found running gold import racket in Ahmedabad and Mumbai;

(b) if so, the quantum of amount of gold involved in the scam; and

(c) the action taken by the Government in the matter,

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL) :

(a) Reserve Bank of India (RBI) has informed that it has authorised 18 scheduled commerical banks (including State Bank of India and a few foreign banks operating in India) to import gold/ silver/platinum under Exim-Policy 1997-2002 for sale to jewellerymanufacturer-exporters and also for domestic sale. Import is effected by designated Indianbranches of banks. It has come to the notice of RBI that some banks had to face difficulties in realization of Pay Orders issued by certain co-operative banks tendered by bullion traders in Ahmedabad.

(b) RBI has no information about the quantum of gold involved in the transactions.However, likely loss to State Bank of India, Bank of India and Standard Chartered Bank is Rs. 39.70 crores, 4.80 crores and 9.30 crores respectively.

(c) RBI has also informed that it has advised on 4th April 2001 all the banks authorised to import gold that whilebanks are required to ensure normal banking prudence in respect of all financial instruments, in the context of trading in bullion they should release gold only against full realization of value or proceeds of instruments. In respect of gold sold on unfixed basis, banks were advised to collect 100 per cent margin in cash for the provisional value of gold and a suitable additional margin to take care of likely price fluctuations and follow the uniform practice of settling the transaction within 5 days. State Bank of India has also lodged a complaint with Central Bureau of Investigation.